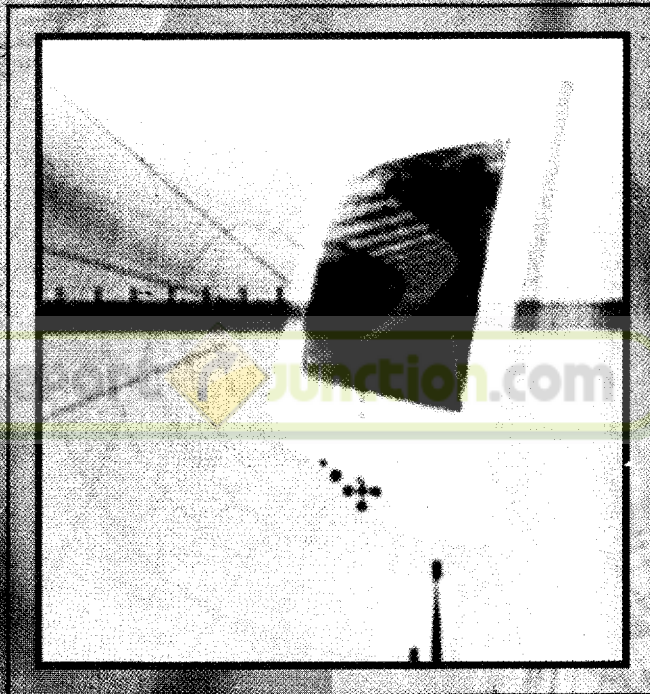


# ***ACI Infocom Limited***



## **22nd Annual Report**

**2003 - 2004**



## **VISION**

To add value to our customers by providing Products and Services, evolved through partnering with world renowned vendors, cost effective technologies and processes.

**CONTENTS**

	Page No.
Notice .....	3
Directors' Report .....	8
Report on Corporate Governance .....	11
Auditors' Report .....	16
Balance Sheet .....	19
Profit & Loss Account .....	20
Schedules forming part of Accounts .....	21
Balance Sheet Abstract & Company's General Business Profile .....	35
Cash Flow Statement .....	36
Proxy Form & Attendance Slip .....	37



**BOARD OF DIRECTORS**

Alok P. Gupta  
G.S.Pujary  
U. Chandra Mouli  
Suresh Narayana  
Shrikant A. Sathe  
Brig. M. Jaya Rao (Retd)  
(Resigned w.e.f 1<sup>st</sup> January 2004)  
Divya Gupta  
(Resigned w.e.f. 23<sup>rd</sup> March 2004)

**COMPANY SECRETARY**

B. Balaji Gupta

**BANKERS**

Oriental Bank of Commerce  
Overseas Branch, Mumbai

**AUDITORS**

Swamy & Seshadri  
Chartered Accountants  
Secunderabad – 500 380

**REGISTERED OFFICE**

H.No. 2, Shiva Sadan  
Sivaramakrishna Colony  
West Marredpally  
Secunderabad – 500 026  
Phone # 27807285, 27700284  
Website: [www.aciinfo.com](http://www.aciinfo.com)

**DEPOSITORY REGISTRARS &  
SHARE TRANSFER AGENTS**

Aarathi Consultants Pvt. Limited  
1-2-285, Domalguda  
Hyderabad  
Phone # 27642217 / 27634445  
Fax # 27632184  
Email: [aarcons@hd2.dot.net.in](mailto:aarcons@hd2.dot.net.in)

**LISTING**

The Stock Exchange, Mumbai

Report

junction

West Marredpally

### NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Company will be held on Thursday, the 30<sup>th</sup> September 2004 at 3.00 p.m. at Belson Taj, S.D.Road, Secunderabad to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2004, Profit & Loss Account for the year ended as on that date along with Notes and Schedules appended thereto with the reports of Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. G.S.Pujary, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Swamy & Seshadri, Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and authorize the Board to fix their remuneration.

#### SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification (s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to Section 260 & 257 and other applicable provisions, if any, of the Companies Act, 1956 Mr. Alok P. Gupta be and is hereby appointed as a director of the Company.

**RESOLVED FURTHER THAT** pursuant to provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, Mr. Alok P. Gupta be and is hereby

appointed as a Chief Executive Officer (CEO) of the Company for a period of 2 years w.e.f 1<sup>st</sup> October 2004 on a consolidated monthly remuneration of Rs. 1.25 Lacs.

**RESOLVED FURTHER THAT** the above mentioned salary shall be paid and allowed as a minimum remuneration during the currency of tenure of his office as the Chief Executive Officer (CEO), notwithstanding the absence or inadequacy of profits in any accounting year as long as the minimum remuneration is within the prescribed limits under Section II of Part II of Schedule XIII of the Companies Act, 1956".

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in pursuance of the provisions of Section 198, 269, 309, 310, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. G.S. Pujary be and is hereby re-appointed as a Whole Time Director of the Company for a period of 2 years (two years) w.e.f. 27<sup>th</sup> October 2003 on the following terms & conditions:

- |                         |                   |
|-------------------------|-------------------|
| 1. Basic                | - Rs. 41,125/-    |
| 2. House Rent Allowance | - Rs. 9,263/-     |
| 3. PF                   | - Rs 4,935/-      |
| 4. LTA                  | - one month basic |

**RESOLVED FURTHER THAT** the above mentioned salary shall be paid and allowed as a minimum remuneration during the currency of tenure of his office as the Whole time Director, notwithstanding the absence or inadequacy of profits in any accounting year as long as the minimum remuneration is within the prescribed limits under Section II of Part II of Schedule XIII of the Companies Act, 1956".

6. To consider, and if thought fit, to pass with or



without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in pursuance of the provisions of Section 198, 269, 309, 310, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. U. Chandra Mouli be and is hereby re-appointed as a Whole Time Director of the Company for a period of 2 years (two years) w.e.f. 27<sup>th</sup> October 2003 on the following terms & conditions:

1. Basic - Rs. 16,069/-
2. House Rent Allowance - Rs. 3,214 /-
3. PF - Rs.1,928 /-
4. LTA - one month basic

**RESOLVED FURTHER THAT** the above mentioned salary shall be paid and allowed as a minimum remuneration during the currency of tenure of his office as the Whole time Director, notwithstanding the absence or inadequacy of profits in any accounting year as long as the minimum remuneration is within the prescribed limits under Section II of Part II of Schedule XIII of the Companies Act, 1956".

7. To Consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the Board of Directors of the Company to Surrender / transfer of Computer Software / hardware project at Unit No. 156, to SEEPZ, Special Economic Zone Authorities.

**RESOLVED FURTHER THAT** Mr. Alok P. Gupta, Director be and is hereby severally authorised to do all such acts, deeds and things and to sign all

such documents as may be necessary, expedient and incidental thereto to give effect to this resolution."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to Section 260 & 257 of the Companies Act, 1956 Mr. Shrikant A. Sathe be and is hereby appointed as a director of the Company whose term of office is liable to retire by rotation."

For and on behalf of Board of Directors

Place : Secunderabad

Date : 01-09-2004

**B. Balaji Gupta**

Company Secretary

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing Proxy should however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting
3. The Register of Members and Share Transfer Books of the Company will be closed from 27th September 2004 (Monday) to 30<sup>TH</sup> September 2004 (Thursday) (Both days inclusive).
4. Members are requested to intimate immediately any change in their address to the Share Transfer Agents and in case their shares are held in dematerialised form, this information should be passed on to their respective Depository Participants without any delay.
5. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item # 4, 5, 6, 7 & 8 is annexed hereto and forms part of the notice.
6. As required under the Listing Agreement the particulars of directors proposed to be appointed / re-appointed are given below:

**A) Mr. G.S.Pujary**

Mr. G.S.Pujary aged 46 years holds a Bachelors Degree in Commerce and a Fellow member of the Institute of Chartered Accountants of India. He is having 22 years of experience in the company in various capacities right from

production to corporate finance and operations and is specialized in Finance & Accounts.

**B) Mr. Alok P. Gupta**

Mr. Alok P. Gupta aged 47 years is an Electrical Engineer from USA with Management qualification. He was associated with the Company as promoter director between 1993 to 1996 and he was instrumental in quantum growth in the operations of the Company. He has over 25 years of experience in corporate management, international marketing and operations.

**C) Mr. U. Chandra Mouli**

Mr. U. Chandra Mouli aged 42 years holds a Bachelors Degree in Commerce and Masters Degree in Finance having 20 years experience and has been associated with the company in various capacities. He takes care of regulatory issues and implementation of corporate governance in the company. He is responsible for IT initiatives in the company and has extensive knowledge on system designing and implementation and is specialized in Taxation and Corporate Laws.

**D) Mr. Shrikant A. Sathe**

Mr. Shrikant A. Sathe aged 54 years holds a Bachelors Degree in Science (Physics) and having over 25 years of experience in Computer and Software Development. He developed first Banking-Software in India in Windows base.



### EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

#### Item # 4

Mr. Alok P. Gupta who is the promoter of the Company was inducted to the Board as an additional director with effect from 23<sup>rd</sup> March, 2004 and his term expires at the commencement of this meeting. The Company has received a notice from the member under Section 257 of the Companies Act, 1956, along with the necessary deposit proposing the candidature of above director. The Board recommends the resolution for the approval of the members.

The Board at its meeting held on 1<sup>st</sup> September, 2004 has recommended appointment of Mr. Alok Gupta as the Chief Executive Officer (CEO) of the Company. Board is of the firm belief and opinion that appointment of Chief Executive Officer (CEO) would usher in new strategy, direction and growth for the Company. That the proposed remuneration has been approved by the remuneration committee at its meeting held on 1<sup>st</sup> September, 2004.

None of the Directors of the Company is concerned or interested, directly or indirectly, in the proposed resolution except Mr. Alok P. Gupta to the extent of his appointment.

Hence, your Directors commend the resolution set out at item No. 4 for your approval by way of an Ordinary Resolution.

#### Item # 5

Mr. G. S. Pujary has been associated with the Company in various capacities and elevated to the Board on 24<sup>th</sup> August, 1999. Further he was appointed as a whole time director on 28<sup>th</sup> March, 2002 and his term expired on 27<sup>th</sup> October, 2003. He has been re-appointed as a Whole Time Director in the Board Meeting held on 31<sup>st</sup> October, 2003 (w.e.f. 27<sup>th</sup> October, 2003) at remuneration as

provided in the resolution. As required under Schedule XIII of the Companies Act, 1956, the Remuneration Committee has approved his remuneration.

Your Directors consider that the appointment of Mr. G.S. Pujary as a Whole Time Director will be in the interest of the Company and recommend the resolution set out in Item No. 5 of the Notice for your approval.

None of the Directors except Mr. G.S. Pujary is concerned or interested in the resolution.

#### Item # 6

Mr. U. Chandra Mouli has been associated with the Company in various capacities and elevated to the Board on 24<sup>th</sup> August, 1999. Further he was appointed as a whole time director on 28<sup>th</sup> March, 2002 and his term expired on 27<sup>th</sup> October, 2003. He has been re-appointed as a Whole Time Director in the Board Meeting held on 31<sup>st</sup> October, 2003 (w.e.f. 27<sup>th</sup> October, 2003) at remuneration as provided in the resolution. As required under Schedule XIII of the Companies Act, 1956, the Remuneration Committee has approved his remuneration.

Your Directors consider that the appointment of Mr. U. Chandra Mouli as a Whole Time Director will be in the interest of the Company and recommend the resolution set out in Item No. 6 of the Notice for your approval.

None of the Directors except Mr. U. Chandra Mouli, is concerned or interested in the resolution.

#### Item # 7

Your Company had taken premises on lease for the manufacture and export of Printer Mechanism, Printer Controller, Printer Thermal, Printer Ink Jet, Floppy Disk Drives, Controller Cards, Inter Faces Cards, Dot Matrix Printer, Computer Systems & Peripherals, Colour Monitors, Mother Boards, Add-on Card, SVGA Card, S I/O Card and Floppy





Diskettes at unit No. 156, SDF V SEEPZ, Andheri (East), Mumbai 400 096.

Your Company had carried on manufacturing activity for some time and it was discontinued due to market conditions. Hence the company could not fulfill Export Obligation as per the guidelines provided in the Exim Policy, it has to surrender the unit to the Office of the Development Commissioner, Ministry of Commerce & Industry, Govt. Of India, SEEPZ Special Economic Zone, Andheri (East), Mumbai – 400 096 as per their order No. SEEPZ/SEZ/MTG/ORDER/14/04-05/5238 dated 19<sup>th</sup> July 2004. The Company has paid a nominal amount of penalty for the non-performance and debonding was done. The company has paid all the statutory dues, wages and bank dues.

The Company also made an attempt to start Software Development activity or BPO activity. However the same could not get materialized. Retaining the premises attract continuing overheads like lease rentals, electricity, municipal tax etc.; in order to avoid the further cost and penalties, it is proposed to surrender the premises to the respective authorities.

Hence, your Directors commend the resolution set out at item no. 7 for your approval by way of Ordinary Resolution.

None of the Directors of the Company is in anyway concerned or interested in the resolution.

#### **Item # 8**

In order to comply with the Code of Corporate Governance as per clause 49 of the Listing Agreement, the Company has broad based the Board by induction of an additional director namely Mr. Shrikant A. Sathe who is non-executive and independent, at the Board Meeting held on 23<sup>rd</sup> March, 2004.

The Company has received a notice from the member under Section 257 of the Companies Act 1956 along with the necessary deposit proposing

the candidature of above director. The Board recommends the resolution for the approval of the members.

None of the Directors of the company is concerned or interested, directly or indirectly, in the proposed resolution except Mr. Shrikant A. Sathe to the extent of his appointment.

For and on behalf of Board of Directors

Place : Secunderabad

Date : 01-09-2004

**B. Balaji Gupta**

Company Secretary

unction.com



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Twenty Second Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2004.

### FINANCIAL RESULTS (Rs. in Lacs)

Particulars	For the year	
	2003-04	2002-03
Sales	5961.90	7159.89
Other Income	1.43	1.96
<b>Total Income</b>	<b>5963.33</b>	<b>7161.85</b>
Expenditure before Depreciation, Amortization of Good Will & tax	5841.08	7060.04
Depreciation	87.26	99.91
Amortization of Good will	26.55	26.55
Profit / (Loss) before Taxation	8.44	(24.64)
Provision for Taxation	0.64	-
Prior period Adjustment	0.21	1.91
<b>Profit / (Loss) after Taxation</b>	<b>7.59</b>	<b>(26.55)</b>

### DIVIDEND

Your Directors express their inability to recommend any dividend for the year due to the loss incurred by the company

### CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

**A. Conservation of energy :** The Company uses electric energy for its equipment such as air conditioners, computer terminals, lighting and utilities in the work premises. All possible measures have been taken to conserve energy.

**B. Technology Absorption :** During the year your company has not operated plants, therefore

no technology absorption and research & development.

### C. Foreign Exchange Earnings & Outgo

(Rs. in Lacs)

**March, 2004    March, 2003**

a) Earnings on re-exports	5.38	562.46
b) Outgo		
i. Traveling	0.53	0.49
ii. Royalty on Microsoft Products	2623.41	2131.76
iii. CIF Value of goods imported	2125.32	3375.01

### DIRECTORS

Mr. G.S.Pujary, who is liable to retire by rotation and is being eligible, offers himself for re-appointment. During the year, Brig. Jaya Rao and Mrs. Divya Gupta, Directors of the company have resigned from the office of directorship w.e.f 1st January, 2004 and 23rd March, 2004, respectively. Mr. Alok Gupta and Mr. Shrikant A. Sathe have been appointed as additional directors with effect from 23<sup>rd</sup> March, 2004. Mr. G.S.Pujary and Mr. U. Chandra Mouli have been reappointed as whole time directors of the company with effect from 27<sup>th</sup> October, 2003.

### DIRECTORS' RESPONSIBILITY STATEMENT

**As required under Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirm that:**

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of 31<sup>st</sup> March, 2004 and the profit for the year ended 31<sup>st</sup> March, 2004;
- (iii) Proper and sufficient care has been taken for